

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7832**

**BILL NUMBER:** SB 456

**DATE PREPARED:** Mar 27, 2001

**BILL AMENDED:** Mar 27, 2001

**SUBJECT:** Use of Gasohol in State Vehicles; Corn Marketing Council.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill: (1) requires the state, whenever possible, to purchase gasoline blended with agriculturally derived ethyl alcohol (gasohol) to fuel the gasoline fueled vehicles owned or operated by the state that are capable of using gasohol. It exempts certain vehicles from the gasohol requirement.

(2) makes a voluntary rate of assessment of one half of one per cent of the sale price per bushel for corn. The bill requires an assessment of fifty cents to one dollar per unit of seed corn based upon the qualified seed retailer's sales the previous year. It allows a producer to be excluded from the assessment. The bill allows a qualified seed retailer a three percent handling fee on assessments. The bill changes the composition of the council member districts. The Dean of the Purdue University School of Agriculture, two representatives of first purchaser organizations, and two members of the General Assembly are members of the Council. A producer who seeks to be placed on the ballot must have a petition signed by 10 other producers. The Council may not spend more than 10% of the money it receives in administrative costs.

**Effective Date:** (Amended) May 15, 2001; July 1, 2001.

**Explanation of State Expenditures:** (Revised) (1) The Department of Administration (Motor Pool Division) has 603 vehicles, all of which are capable of using gasohol as required by this proposal. In addition, the state owns and operates a total of approximately 10,000 vehicles. Included within the 10,000 vehicles are the Department of Transportation dump trucks, State Police cars, and all types of vehicles including light-duty, medium-duty, and heavy-duty trucks and equipment. It is unclear how many of the 10,000 state-owned and operated vehicles are capable of using gasohol. The retail price for gasoline and gasohol are very similar. Consequently, state fuel costs are not expected to be significantly different due to these provisions.

(2) Legislative members of the Council would be entitled to \$112 per diem. Assuming that the Commission met 12 times during the year, per diem costs are estimated at \$2,688 (2 legislative members multiplied by \$112 multiplied by 12 meetings). Per diem for legislative members would be paid by the Council. Purdue

University Extension Services would have to provide ballots for the initial election of Council members. An estimated 30,000 corn producers in the state would be eligible to vote. The Indiana Corn Marketing Council would reimburse the Office of the Commissioner of Agriculture for expenses of the election and providing forms after assessments on corn begin to be collected.

**Explanation of State Revenues:** (Revised) (1) The federal tax on gasoline is 18.4 cents per gallon, while the federal tax on gasohol is 13 cents per gallon. Indiana is a donor state with respect to federal fuel taxes (i.e., Indiana receives less from the federal gas tax than Indiana sends to Washington, D.C.). For every dollar that Indiana sends to Washington, Indiana receives approximately 91 cents in return. With the use of more gasohol and a lower tax rate, Indiana is likely to receive less in return from the federal government per gallon of fuel.

(2) This bill makes a voluntary rate of assessment of one half of one percent of the sale price per bushel for corn and makes the rate of assessment one dollar to fifty cents per unit for seed corn, based upon the qualified retailer's sales the previous year. The money collected is deposited with the Indiana Corn Marketing Council and not in the State General Fund nor a state dedicated fund. The proposal is expected to generate about \$2 M per year.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Transportation and all agencies using gasohol; Office of the Commissioner of Agriculture and Purdue University Extensions.

**Local Agencies Affected:**

**Information Sources:** Jay McQueen, Deputy Commissioner of the Department of Administration, 232-7636; Tien Nguyen, Office of Fuels Development, U.S. Department of Energy, 202-586-7387; Mike Aylesworth, President, Indiana Corn Marketing Council, (219) 405-9980.